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DEPARTMENT OF COMMERCE

International Trade Administration

Safety and Security Business Development Mission to Morocco, Algeria and Egypt

March 4-12, 2015

AGENCY: International Trade Administration, Department of Commerce.

ACTION: Notice

MISSION DESCRIPTION

The United States Department of Commerce, International Trade Administration is organizing an Executive-led Business Development Mission to Morocco, Algeria and Egypt with an optional stop in Lebanon, March 4-12, 2015. The purpose of this mission is to help U.S. firms in the safety and security industry find business partners and sell products and services in North Africa. The targeted sector for participation in this Business Development Mission is safety and security, including U.S.-based manufacturers of safety and security equipment, U.S. based providers of safety and security services, and U.S. trade associations promoting U.S. safety and security products and services.

The mission will include stops in Rabat and Casablanca, Morocco; Algiers, Algeria; and Cairo, Egypt, where participants will receive market briefings and participate in customized meetings with key officials and prospective partners. There will be an optional stop in Beirut, Lebanon.

The mission supports President Obama's National Export Initiative (NEI) to strengthen the U.S. economy and U.S. competitiveness through meaningful job creation. The mission will help U.S. companies already doing business in Morocco, Algeria and Egypt increase their footprint and deepen their business interests.

The mission will help participating firms and associations gain market insights, make industry contacts, solidify business strategies, and advance specific projects, with the goal of increasing U.S. exports of products and services to Morocco, Algeria and Egypt. The mission will include one-on-one business appointments with pre-screened potential buyers, agents, distributors and joint venture partners; meetings with state and local government officials and industry leaders; and networking events. Participating in an official U.S. industry delegation, rather than traveling to Morocco, Algeria and Egypt on their own, will enhance the companies' ability to secure meetings in Morocco, Algeria and Egypt.

All safety and security companies, including U.S.-based manufacturers of safety and security equipment, U.S. based providers of safety and security services, and U.S. trade associations promoting U.S. products and services in the safety and security sector, are encouraged to apply.

COMMERCIAL OVERVIEW

U.S. companies specializing in safety and security technologies and solutions will find burgeoning opportunities in North Africa, particularly in Morocco, Algeria, and Egypt. These countries represent the top three export markets for U.S. companies in North Africa. Morocco,

Algeria and Egypt also have a wide variety of critical tourism, logistics, transportation, and energy infrastructure platforms and assets that are essential for ongoing economic growth and stability which must be protected. All three markets also maintain long, remote borders, where arms, illicit goods trading and terrorist and criminal elements have been known to pass with relative ease, which in light of ongoing instability in the region, have dramatically increased the need and interest by all three governments in a wide variety of U.S. border monitoring and protection solutions, equipment, and expertise.

Long standing and close bilateral cooperation between the U.S. Government and the governments of Morocco, Algeria and Egypt in a number of areas including drug trafficking, terrorism, international crime, and defense set a positive tone and provide a strong foundation upon which U.S. safety and security sector firms can find commercial success.

The Government of Morocco, for instance, works closely with the U.S. Government in customs and port security, defense cooperation, and drug trafficking. As the country aspires to become the region's leading manufacturing and re-export hub between Europe and West Africa, Moroccan agencies increasingly seek protection solutions for the Tanger Med port, railways, and ports. As a major international tourism destination, Morocco's economy greatly depends on hard currency derived from the tourism industry and therefore the government is constantly seeking upgrades to immigration processing, luggage handling, bomb detection and intrusion prevention solutions for tourism facilities throughout the country.

Algeria, a country which is all too familiar with internal unrest and terrorism, is ever vigilant in controlling internal terrorist elements and cross border security threats, and in light of the deadly In Amenas terrorist attack on a remote drilling site in the south of the country in January 2013, the country is extremely cognizant of the ongoing threats to its extensive oil and gas field infrastructure. U.S. safety and security firms have historically done very well in the Algerian market despite the country's overall gravitation towards Europe, and Algeria is keen on procuring new, cutting edge U.S. solutions.

Egypt likewise expects to witness an increase in demand for safety and security products and services over the next few years. The Egyptian government has set an objective to dramatically enhance its safety measures, which will require security upgrades of all the airports, seaports, and public facilities. The Ministry of Interior is doing its best to create new horizons for investment in security technology within the Egyptian market and companies with a reputation for cutting-edge technologies will have an advantage.

The Business Development Mission will include one-on-one business appointments with pre-screened potential buyers, agents, distributors and joint venture partners; meetings with national and regional government officials, chambers of commerce, and business groups; and networking receptions for companies interested in expansion into the North African markets. Meetings will be offered with government authorities that can address questions about policies, tariff rates, incentives, regulation, etc.

COMMERCIAL SETTING IN MOROCCO, ALGERIA AND EGYPT

Morocco

Strategically located along the Strait of Gibraltar just a seven-hour flight from JFK and three hours from Paris, Morocco is seen more and more as a regional hub in North West Africa for transportation and business. Morocco's moderate Mediterranean climate and its developing infrastructure make it an attractive location for business and leisure. Morocco's Association Agreement and Advanced Status with the European Union (EU) have spurred manufacturing development in Morocco, an activity that has also been heightened by the U.S.-Morocco Free Trade Agreement (FTA). The U.S.-Morocco FTA is one of the most comprehensive free trade agreements that the U.S. has ever negotiated. The FTA provides U.S. exporters increased access to the Moroccan market by eliminating tariffs on more than 95 % of consumer and industrial goods. It helps to level the playing field with European competition and provides enhanced protection for U.S. intellectual property. Moroccan officials have stated their view that the FTA is a catalyst to accelerate and reinforce the country's economic reform process by allowing greater competition and the formation of international partnerships in key sectors such as insurance and banking, and by greatly liberalizing the Moroccan textile and agricultural tariff structures.

U.S. safety and security firms will enjoy significant opportunities in Morocco. The country has successfully maintained internal security in a region where Arab Spring revolts have resulted in unprecedented instability, and the government's highest priority is protecting its people, economy and political system from terrorist and criminal elements in the wider neighborhood.

Morocco's geographic location as a gateway to Europe also requires the protection of borders and checkpoints against illegal immigration, human trafficking and narcotics. Customs and ports agreements with the United States and other countries require Morocco to implement major upgrades at airports, seaports, border crossings, and government buildings.

The Moroccan market for safety and security equipment and services is expected to increase by 20% in the next five years. Local production is nonexistent and therefore imported safety and security products supply nearly 95% of the entire market, which until recently, was dominated by European firms. Morocco's implementation of an ambitious infrastructure development plan that includes ports, airports, hospitals, power plants, and new logistics platforms increases sales opportunities for U.S. safety and security equipment and expertise. In addition, as Morocco depends on international tourism for economic growth, hotels and various tourism facilities provide constant opportunities for U.S. firms in this sector, and the current Open Skies Agreements with European Union and U.S. air space require continuous upgrades of safety and security equipment and procedures in airports. Moreover, the U.S. – Morocco Strategic Dialogue, initiated in 2012, has a considerable security component that builds on a long history of U.S. – Morocco security and military cooperation.

Specific opportunities for U.S. companies in Morocco include but are not limited to: All security and safety equipment and related solutions for seaports, airports, border crossings, security and safety agencies such as the police, and buildings; integrated monitoring and surveillance solutions; luggage screening devices; fire prevention and control equipment, alarm equipment for

building safety, emergency evacuation systems; radio communication systems; and inspection equipment for containers and seaport cargo.

Algeria

Algeria is the largest country in Africa and the Arab World with a total landmass of 2.38m sq. km. The country is rich in natural resources; an Organization of the Petroleum Exporting Countries member, Algeria has the tenth-largest reserves of natural gas in the world and is the sixth-largest gas exporter and ranks 16th in oil reserves. Thanks to strong hydrocarbon revenues, the government of Algeria has a cushion of \$200 billion in foreign currency reserves and a large hydrocarbon stabilization fund. In addition, Algeria's external debt is extremely low at about 2% of GDP. Algeria is still largely unexplored and foreign firms are increasingly investing in joint ventures.

The government is making efforts to diversify the economy by attracting foreign and domestic investment outside the energy sector. Public spending has increased by 27% annually during the past five years. Long-term economic challenges include diversification from hydrocarbons, relaxing state control of the economy, reducing bureaucracy and improving transparency, and providing adequate jobs for younger Algerians. The government launched an investment plan (2010-14), and a \$286 billion program for major infrastructure programs not only in safety & security equipment, but also transport, telecommunications, energy, and healthcare.

Safety and security solutions have long constituted a pillar of U.S.-Algerian commercial ties. The Algerian government and society at large have witnessed major upheaval, revolt and instability over the past 25 years, most notably the black years of the 1990's when 200,000 people were killed in government insurrection, reprisals and infighting. While the government has emerged mostly unscathed from regional Arab Spring revolts, elements exist in Algeria that could undermine the country's security situation. The In Amenas hostage crisis in southern Algeria in January 2013 where 39 foreign workers were killed is a case in point. The Algerian government is determined to combat terrorist and criminal forces throughout its expansive territory, and the U.S. Government enjoys a healthy working relationship with the Algerian Government in this effort.

Algeria is a rich country which highly prioritizes safety and security solutions, and U.S. firms have had considerable ongoing success in this sector. In addition, Algeria has recently demonstrated over the past 2-3 years a tangible affinity for American solutions across the board. Opportunities in the safety and security sector in Algeria fall into the following prime categories: (a) Monitoring and protecting its expansive borders with Morocco, Mauritania, Mali, Niger, Libya and Tunisia; (b) Protecting thousands of miles of oil and natural gas pipelines and facilities throughout remote desert areas; (c) Protecting government buildings, infrastructure and major entry points into the country such as airports and seaports; and (d) Cyber monitoring technologies which have also become of significant interest to a variety of Algerian Government agencies.

Opportunities for U.S. safety and security companies in Algeria include but are not limited to: Infrastructure protection solutions for seaports, airports, border crossings, security and safety agencies such as the police, and buildings; cyber security monitoring; fire prevention and control equipment, alarm equipment for building safety, emergency evacuation systems; radio communication systems; border surveillance and inspection technologies; forensic solutions; unmanned air vehicles (UAVs); and oil and gas pipeline security solutions.

Egypt

With a population of over 85 million and a GDP of \$219 billion the Egyptian economy is one of the largest in the Arab World, and the second largest in the Middle East and North Africa. The United States is Egypt's largest bilateral trading partner, and Egypt is the fourth largest export market for U.S. products and services in the Middle East. In 2013, bilateral trade was \$6.8 billion, reflecting a drop from 2012 as a result of a decline in Egyptian exports. Egypt is a significant importer of American agricultural commodities, machinery, and equipment. U.S. firms will find business opportunities in energy, transportation, healthcare, IT & telecommunications, and agribusiness. The GOE has also announced the construction of new water plants in Upper Egypt has part of the upgrading of this region. Tourism, as the largest earner of foreign exchange and employer of more than 10% of Egyptian workers, also offers strong possibilities. Expansions among the Red Sea resorts provide increasing opportunities for exporters of hotel equipment and environmental management services. Airports and other infrastructure being built to serve the new resorts also offer excellent prospects for U.S. exporters and investors. Tourism along the Red Sea coast continues to grow, and the government is

advocating development along the Mediterranean coast as well. These opportunities continue to attract U.S. project management expertise, building systems and equipment.

Egypt possesses the fundamentals to become a business hub in North Africa and the Middle East: great geographic location linking two continents, and abundance in young skilled human resources. In January 2014, Egypt's constitution was ratified by a majority through a referendum. Presidential elections are expected by early summer 2014 and parliamentary elections will follow shortly thereafter. Public and private sector representatives believe that a permanent government will serve as a catalyst for economic activity.

The safety and security industry is booming throughout Egypt as the country deals with increased security issues ranging from private citizen safety to transaction fraud. Safety and security imports to Egypt have increased 10-15% annually for the past few years and U.S. brands are well received. This is primarily a government market, dominated by the Ministry of Interior and Ministry of Defense, though both government and the private sector are reevaluating and upgrading security systems and technologies at all sites. The government of Egypt has set an objective to dramatically enhance its safety measures, which will require security upgrades of all the airports, seaports, and public facilities. The overall imports required were estimated at about \$305 million in 2013. The U.S. market share is about 25% (non-governmental).

As the country works to increase tourism over the next few years, airports and seaports will need upgraded security systems. Police and customs authorities will also have an increased need for such systems. Egypt has eight major ports and three cross-country borders that require

significant security measures. In its fight against drug smuggling and counterfeit products, Egypt requires container scanning and shipment tracking devices. Egypt is also looking at container scanning upgrades and seafarer identification cards for more secure identification and synchronizing systems to coordinate security measures and responses. Accordingly, opportunities exist for U.S. firms providing short-range radar systems, surveillance cameras, infrared and radiological detectors, vessel tracking MIS, biometric scanners, personnel databases, computer peripherals, and systems integration equipment.

Specific opportunities for U.S. companies in Egypt include but are not limited to: Search and rescue equipment, access control & alarm systems, CCTV and electronic surveillance equipment, walk through and handheld metal detectors, border and perimeter control, bomb detection equipment, uniforms, protective apparel & accessories (industrial) and x-ray and scanning equipment.

Optional Stop – Lebanon

Lebanon has a population of 4.2 million and it was the 77th largest U.S. export market in 2013. Around 5% (\$1 billion) of Lebanon's total imports came from the United States in 2013. Lebanon's economy follows a laissez-faire model; generally the economy is dollarized and capital moves freely across borders. However, Lebanon is challenged by a high level of public debt and large external financing needs. Impediments to foreign investment include arbitrary licensing decisions, complex customs procedures, an ineffectual judicial system, high taxes & fees, unreliable internet services, and a lack of adequate intellectual property protection.

Moreover, domestic tension and political and security instability, largely due to spillover effects from the Syrian crisis, are expected to continue.

With the ongoing political and security instability in Lebanon and the increasing security threats as a result of the spillover from Syria, the country's demand for safety and security equipment remains high and is expected to grow steadily in the coming years. The safety and security market in Lebanon is very much dominated by government agencies which are represented by the Ministry of Interior, Ministry of Defense, Lebanese Armed Forces, Internal Security Forces, Surete Generale, Civil Defense Directorate, Lebanese Customs Authority, Beirut International Airport, Central Bank of Lebanon, Beirut Port and Civil Aviation Authority. The Ministry of Interior, which includes the Internal Security Forces and Surete Generale, is tasked with internal and border security responsibilities ranging from internal safety to drugs and weapons smuggling and illegal entry of foreigners to Lebanon. It is expected to launch a tender in the near future for an international bid for the production of biometric passports.

Demand for safety and security equipment and services within the private sector is also high. Private sector entities include shopping malls, hotels, banks, universities and private security companies. They are always looking for the latest technology available in financial and network security, surveillance systems, robbery and burglary systems, alarm signaling equipment, safes and vaults, metal detectors, x-ray and handheld scanners and fire protection systems.

Although Lebanon is a price sensitive market, quality is an important factor, particularly in safety and security equipment. U.S. products face strong competition from Chinese, Japanese, British, German, Italian and French products. East Asian products also compete strongly in the commercial and household sectors. However, the increasing demand for high-quality security equipment and services gives a big advantage to American companies, which enjoy an excellent reputation in Lebanon due to their high reliability.

Other Products and Services

The foregoing analysis of the safety and security opportunities in Morocco, Algeria and Egypt is not intended to be exhaustive, but illustrative of the many opportunities available to U.S. businesses. Applications from companies selling products or services within the scope of this mission, but not specifically identified, will be considered and evaluated by the U.S. Department of Commerce. Companies whose products or services do not fit the scope of the mission may contact their local U.S. Export Assistance Center (USEAC) to learn about other business development missions and services that may provide more targeted export opportunities. Companies may call 1-800-872-8723, or go to <http://help.export.gov/> to obtain such information. This information also may be found on the website: <http://www.export.gov>.

MISSION GOALS

The purpose of this trade mission is to introduce U.S. firms to the rapidly expanding market for safety and security products and services in Morocco, Algeria and Egypt. The mission will help

participating firms and trade associations gain market insights, make industry contacts, solidify business strategies, and advance specific projects, with the goal of increasing U.S. exports to Morocco, Algeria and Egypt.

PROPOSED TIMETABLE

<u>Date</u>	<u>Day</u>	<u>Activity</u>
March 3, 2015	Tuesday – Rabat	Suggested Arrival Rabat
March 4, 2015	Wednesday – Rabat	Mission Meetings Officially Start; Country briefing with U.S. Embassy staff; Networking Reception
March 5, 2015	Thursday – Rabat/Casablanca	Government meetings; Late afternoon travel to Casablanca; Networking Reception
March 6, 2015	Friday – Casablanca	Business meetings
March 7, 2015	Saturday – Casablanca/Algiers	Travel to Algeria
March 8, 2015	Sunday – Algiers	Country briefing with U.S. Embassy staff; Government meetings; Networking Reception
March 9, 2015	Monday – Algiers	Business meetings

March 10, 2015	Tuesday – Algiers/Cairo	Travel to Cairo
March 11, 2015	Wednesday – Cairo	Country briefing with U.S. Embassy staff; Business meetings; Networking Reception
March 12, 2015	Thursday – Cairo/ Lebanon (optional)	Government Meetings; Mission ends; Dinner on the Nile River (optional); Travel to Lebanon (optional)
March 13, 2015	Friday – Beirut (optional)	Country briefing with U.S. Embassy staff; Business and Government meetings; Networking Event; Lebanon add-on concludes

PARTICIPATION REQUIREMENTS

All parties interested in participating in the trade mission must complete and submit an application package for consideration by the DOC. All applicants will be evaluated, on a rolling basis, on their ability to meet certain conditions and best satisfy the selection criteria as outlined below. A minimum of 15 and maximum of 20 firms and/or trade associations will be selected to participate in the mission from the applicant pool.

FEES AND EXPENSES

After a firm or trade association has been selected to participate on the mission, a payment to the Department of Commerce in the form of a participation fee is required. The participation fee for the Business Development Mission will be \$3,300.00 for small or medium-sized enterprises (SME)¹ and trade associations; and \$5,000.00 for large firms or trade associations. The fee for each additional firm representative (large firm or SME/trade organization) is \$750. A minimum of one company and a maximum of five companies can participate in the optional stop to Lebanon. The fee for the optional stop in Lebanon is \$700 for an SME and \$1300 for a large company. Expenses for travel, lodging, meals, and incidentals will be the responsibility of each mission participant. Interpreter and driver services can be arranged for additional cost.

Delegation members will be able to take advantage of U.S. Embassy rates for hotel rooms.

¹ An SME is defined as a firm with 500 or fewer employees or that otherwise qualifies as a small business under SBA regulations (see <http://www.sba.gov/services/contractingopportunities/sizestandardtopics/index.html>). Parent companies, affiliates, and subsidiaries will be considered when determining business size. The dual pricing reflects the Commercial Service's user fee schedule that became effective May 1, 2008 (see <http://www.export.gov/newsletter/march2008/initiatives.html> for additional information).

EXCLUSIONS

The mission fee does not include any personal travel expenses such as lodging, most meals, local ground transportation, and air transportation from the U.S. to the mission sites, between mission sites, and return to the United States. Business visas may be required. Government fees and processing expenses to obtain such visas are also not included in the mission costs. However, the U.S. Department of Commerce will provide instructions to each participant on the procedures required to obtain necessary business visas.

CONDITIONS FOR PARTICIPATION

An applicant must submit a completed and signed mission application and supplemental application materials, including adequate information on the company's products and/or services primary market objectives, and goals for participation. If the Department of Commerce receives an incomplete application, the Department may reject the application, request additional information, or take the lack of information into account when evaluating the applications.

Companies must provide certification of products and/or services being manufactured or produced in the United States or if manufactured/produced outside of the United States, the product and/or service is marketed under the name of a U.S. firm and have U.S. content representing at least 51 percent of the value of the finished good or service. In the case of a trade

association or trade organization, the applicant must certify that, for each company to be represented by the trade association or trade organization, the products and services the represented company seeks to export are either produced in the United States or, if not, marketed under the name of a U.S. firm and have at least fifty-one percent U.S. content.

The following criteria will be evaluated in selecting participants:

- Suitability of the company's (or in the case of a trade association/organization, represented companies') products or services to the mission goals and the markets to be visited as part of this trade mission.
- Company's (or in the case of a trade association/organization, represented companies') potential for business in each of the markets to be visited as part of this trade mission.
- Consistency of the applicant's (or in the case of a trade association/organization, represented companies') goals and objectives with the stated scope of the mission.

Diversity of company size and location may also be considered during the review process.

Referrals from political organizations and any documents containing references to partisan political activities (including political contributions) will be removed from an applicant's submission and not considered during the selection process.

TIMELINE FOR RECRUITMENT AND APPLICATIONS

Mission recruitment will be conducted in an open and public manner, including publication in the *Federal Register*, posting on the Commerce Department trade mission calendar (<http://export.gov/trademissions>) and other Internet web sites, press releases to general and trade media, direct mail, notices by industry trade associations and other multiplier groups, and publicity at industry meetings, symposia, conferences, and trade shows. Recruitment for the mission will begin immediately and conclude on January 15, 2015. The U.S. Department of Commerce will review applications and make selection decisions on a rolling basis beginning September 1, 2014 until the maximum of 20 participants is selected. Applications received after January 15, 2015, will be considered only if space and scheduling constraints permit.

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